

Message Text

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AMEMBASSY LONDON

C O N F I D E N T I A L LAGOS 1973

LIMDIS

E.O. 11652: GDS

TAGS: PFOR, NI, US, ETRD

SUBJECT: DISCUSSION OF US-NIGERIAN BILATERAL RELATIONS WITH
OBASANJO

1. MEAR THE CLOSE OF AMBASSADOR YOUNG'S LONG DISCUSSION
FEBRUARY 10 WITH LT. GENERAL OBASANJO AT DODAN BARRACKS,
OBASANJO RAISED THE QUESTION OF US-NIGERIAN BILATERAL
RELATIONS. NOTING THE "STRAIN" THAT HE SAID THE ANGOLAN
CONFRONTATION AND NIGERIAN LACK OF TRUST IN THE NIXON-FORD
ADMINISTRATION HAD PRODUCED IN OUR BILATERAL DIALOGUE,
OBASANJO STATED HE SAW IMPORTANT POSSIBILITIES NOW FOR
IMPROVED COLLABORATION BETWEEN OUR TWO COUNTRIES. HE
THEN TOLD ME HE COULD NOT UNDERSTAND WHY "MAJOR AMERICAN
COMPANIES, FOR EXAMPLE IN CONSTRUCTION, WERE NOT TAKING
A GREATER INTEREST IN THE NIGERIAN MARKET."

2. AS OBASANJO SEEMED UNAWARE OF THE INCREASE IN NUMBER
OF ACTIVE US FIRMS IN PAST YEAR. I TOLD HIM HE WOULD BE SEEING
EARLY EVIDENCE OF GREATER US ACTIVITY IN THE NIGERIAN MARKET. AT
THE SAME TIME, I COULD NOT DENY THERE WERE PROBLEMS. I CITED THE
KINDS OF FACTORS THAT AMERICAN BUSINESSMEN EXAMINE WHEN DECIDING
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WHERE TO EXPEND SCARCE FINANCIAL AND MANPOWER RESOURCES. I
NOTED SUCH ITEMS AS COSTS OF RENTAL OUR PURCHASE OF OFFICE SPACE
AND RESIDENTIAL BUILDINGS, ACCESS TO COMMUNICATIONS FACILITIES
(TELEPHONE, TELEX, ETC.), ABILITY TO MOVE AROUND THE CITY AND
THE COUNTRYSIDE, CLARITY AND EXTENT OF INDIGENIZATION REQUIRE-
MENTS, GENERAL CLIMATE FOR EXPATRIATES, AVAILABILITY OF STRONG
LOCAL PARTNERS, AND EFFICIENCY OF HOST GOVERNMENT BUREAUCRACY.

I SAID THAT ON SOME OF THE CITED POINTS NIGERIAN SCORED HIGH, ON OTHERS LESS SO. I SAID THAT THE EMBASSY HAD AN ACTIVE PROGRAM OF ASSISTING AND COUNSELING AMERICAN COMPANIES INTERESTED IN THE NIGERIAN MARKET REGARDING HOW BEST TO APPROACH AND EVALUATE THESE VARIOUS FACTORS, AND I ASSURED THE HEAD OF STATE THAT FMG OFFICES AND OTHER NIGERIANS WERE ENGAGED IN SIMILAR AND COLLABORATIVE EFFORTS WITH US. IN PARTICULAR WE OFTEN FOUND THAT WE HAD TO URGE PATIENCE ON AMERICAN COMPANIES WHO SOMETIMES THOUGHT THEY COULD STRIKE "THE QUICK DEAL." THESE VARIOUS EFFORTS WERE ACHIEVING A STRONGER US BUSINESS PRESENCE IN NIGERIA.

3. I ALSO CITED THE IMPORTANCE OF THE BUSINESS AND COMMERCIAL GRAPEVINE IN THE US WHICH I SAID COULD SOMETIMES EXAGGERATE THE COMPLICATIONS OF DOING BUSINESS IN LAGOS. IF A MAJOR COMPANY THOUGHT IT HAD SUFFERED A BAD EXPERIENCE MIGHT RE-VERBERATE AROUND THE CORPORATE BOARDROOMS AND BUSINESS LUNCHEON CIRCUITS IN WAYS THAT WOULD DISCOURAGE OTHER AMERICAN COMPANIES FROM TAKING A CAREFUL AND SERIOUS LOOK AT NIGERIAN MARKET POSSIBILITIES. AS AN EXAMPLE, I CITED C-E TEC AND ITS EXPERIENCE WITH THE MILITARY BARRACKS CONSTRUCTION PROJECT.

4. OBASANJO SAID HE UNDERSTOOD THE EFFECTS OF THE SORTS OF PROBLEMS I HAD MENTIONED AND HOPED WE COULD WORK TOGETHER TO ALLEVIATE THEM. AS FOR C-E TEC, HE SAID "THEY PRESENTED US WITH AN IMPOSSIBLY EXPENSIVE DEAL-BESIDES, THEY ARE GETTING A GOOD PROJECT IN THE EAST." I SAID I WAS NOT PRIVY TO THE DETAILS OF THE MILITARY BARRACKS NEGOTIATION AND ITS BREAKDOWN BUT I

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THOUGHT THAT BETTER COMMUNICATION AND MORE PATIENCE ON BOTH SIDES MIGHT HAVE PRODUCED BETTER UNDERSTANDING AND AVOIDED THE POSSIBILITY THAT C-E TEC'S EXPERIENCE MIGHT DISCOURAGE OTHERS. (AS FOR THE C-E TEC PROJECT IN ANAMBRA AND IMO STATES, WE UNDERSTAND IT WAS TERMINATED IN ITS EARLY STAGES.)

5. I ASKED ABOUT THE LONG-AWAITED PROGRAM OF INCENTIVES FOR FOREIGN OIL PRODUCERS. OBASANJO SAID IT WOULD BE ANNOUNCED SOON.

6. AMBASSADOR YOUNG MENTIONED HIS LONG-TIME INTEREST IN A NIGERIAN-AMERICAN JOINT CONSULTATIVE COMMISSION AND ASKED WHETHER SOMETHING ALONG SUCH LINES MIGHT BE TIMELY. OBASANJO SAID HE THOUGHT YES AND ASKED GARBA WHETHER THE FMG HAD NOT ALREADY STUDIED THE MATTER. GARBA REFERRED TO THE SEVERAL CONVERSATIONS HE AND I HAD HAD ON THIS SUBJECT OVER THE PAST EIGHTEEN MONTHS AND SAID HIS OFFICE HAD RECEIVED MATERIALS FROM US FOR REVIEW AND DISCUSSION WITH OTHER DEPARTMENTS OF THE GOVERNMENT. GARBA TOLD OBASANJO THAT THE FMG WOULD PICK UP THIS MATTER AGAIN WITH THE USG. I CAUTIONED THAT THE EXPERIENCE WE HAD HAD

WITH OTHER SUCH COMMISSIONS INDICATED THAT THEY WERE MOST USEFUL
WHEN TAILORED TO SPECIFIC NEEDS AND INTERESTS OF EACH SIDE.
EVEN THEN, THE DEMANDS THAT THE COMMISSION INFRASTRUCTURE PUTS
ON HIGH-LEVEL OFFICIALS OF BOTH GOVERNMENTS ARE HEAVY. I
SUGGESTED THAT CAREFUL EXPLORATION OF SUCH A PROPOSAL WOULD BE
NECESSARY PRIOR TO RAISING THE POSSIBLE MERITS OF THE PROPOSAL
TO DECISION-MAKING LEVELS IN EACH GOVERNMENT. OBSANJO AGREED,
AND INSTRUCTED GARBA TO UNDERTAKE SUCH EXPLORATIONS WITH ME.
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